



## Market Update

Friday, 03 April 2020

### Global Markets

Oil prices retreated on Friday after massive gains, while stocks in Asia edged down, as doubts grew over an oil price deal between Saudi Arabia and Russia that U.S. President Donald Trump said he had brokered. With the coronavirus pandemic raising the risk of a prolonged global downturn, investors continued to seek the safety of the U.S. dollar and government bonds, pushing U.S. Treasuries yield near their lowest in three weeks.

U.S. West Texas Intermediate (WTI) crude lost \$1.14, or 4.5% to \$24.18 a barrel in early Asian trade after having surged a record 24.7% on Thursday. Brent futures dropped \$0.70, or 2.67% to \$29.24. Trump said on Thursday he had spoken to Saudi Crown Prince Mohammed bin Salman, and expects Saudi Arabia and Russia to cut oil output by as much as 10 million to 15 million barrels, as the two countries signalled willingness to make a deal. Saudi Arabia said it would call an emergency meeting of the Organization of the Petroleum Exporting Countries, Saudi state media reported.

The amount Trump talked about would represent an unprecedented cut amounting to 10% to 15% of global supply, if he meant output per day - a common unit of measurement. But Trump did not specify and some analysts say the omission may be intentional. "He is a business man and smart enough to know these things. A cut of 10-15 million barrel per day (bpd) would be simply impossible," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities. "How could Riyadh and Moscow agree on such a big cut, just about a month after they had fought over a cut of 1.5 million." In early March, talks over production cuts between the two countries collapsed, leading them to start a price war that pushed oil prices to the lowest levels in nearly two decades. Nor did Trump make any offer to reduce U.S. production, now the world's largest. "Both Riyadh and Moscow will also be looking for participation from U.S. producers, and this may prove now to be the biggest obstacle to an agreement," Royal Bank of Canada analysts said in a note.

As oil prices retreated, E-Mini futures for the S&P 500 also fell 0.78% in Asia. MSCI's Asia-Pacific index outside Japan dipped 0.15% while Japan's Nikkei rose 0.3%, helped by overnight gains in Wall Street shares. On Thursday, the S&P 500 gained 2.3%.

Investors sought the perceived safety of government bonds. Benchmark U.S. 10-year notes fell in price to last yield 0.593%, near a three-week low of 0.563% touched on Thursday.

More evidence of the damage from widespread stay-at-home orders to contain the spread of coronavirus emerged in the United States, with an unprecedented number of workers - 6.6 million - filing jobless claims. Projections released by the U.S. Congressional Budget Office showed U.S. gross domestic product will decline by more than 7% in the second quarter as the health crisis takes hold.

Global coronavirus cases surpassed 1 million with more than 52,000 deaths as the pandemic further exploded in the United States and the death toll climbed in Spain and Italy, according to a Reuters tally.

Highly rated U.S. corporate bond issuers raised a record \$110.502 billion this week, according to Refinitiv IFR data, as firms borrowed cash in fear the coronavirus crisis may soon limit their access to capital markets.

In the currency market, the dollar maintained its firmness against a basket of currencies as investors and companies continued to hoard the world's most liquid currency. The dollar index has risen 1.88% so far this week, even as extreme tightness for dollars in some markets since last month has eased. The euro steadied at \$1.0853 after four straight days of losses. The yen also stepped back to 107.95 per dollar from Wednesday's two-week high of 106.925.

Gold prices rose overnight as U.S. jobless claims hit a new peak, intensifying fears of the coming economic slowdown and drove investors toward the safe-haven metal. Spot gold traded at \$1,613.5 per ounce after a 1.28% rise on Thursday.

**Source: Thomson Reuters**

## **Domestic Markets**

South Africa's rand fell to a new all-time low against the dollar on Thursday, as analysts predicted a steep economic contraction and large budget deficit because of the global coronavirus pandemic.

At 1545 GMT, the rand was around 2% weaker at 18.6000 per dollar, after earlier touching a new low of 18.6500.

South Africa has the most confirmed coronavirus cases in sub-Saharan Africa, at 1,380. It is heavily exposed to the disruption caused by the virus as a major exporter of commodities and has imposed some of the toughest restrictions on the continent, including a 21-day lockdown that began on Friday.

The toll on the economy, which fell into recession late last year, has already shown up in preliminary tax numbers.

BNP Paribas economist Jeffrey Schultz said in a research note that he had revised down his gross domestic product (GDP) forecast to a contraction of 4.0% this year. He now expects a 9.1% of GDP budget deficit in the 2020/21 fiscal year that will compound worries over the country's public finances, which have been stretched by repeated bailouts to ailing state firms including power utility Eskom and South African Airways.

The yield on the government bond due in 2030 rose 3 basis points to 11.190%.

On the Johannesburg Stock Exchange, strong gains for gold shares helped lift the main indices, by more than 3%. Gold Fields was up 10.76% and AngloGold Ashanti 11.02% higher, supported by a higher spot gold price. Shares in telecom firm MTN Group rose 12.59%, helped by signs Saudi Arabia and Russia may be ready to cooperate to stabilise the oil market after a slump in prices. MTN operates in a number of oil-producing countries such as Nigeria and Iran.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		03-Apr-2020		4:46
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	1,008,768	74,324	53,007	212,723



## Market Overview

MARKET INDICATORS (Thomson Reuters)			Friday, 03 April 2020		
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	6.13	-0.280	6.41	6.13
6 months	↓	6.55	-0.082	6.63	6.55
9 months	↓	6.60	-0.023	6.62	6.60
12 months	↓	6.60	-0.044	6.65	6.60
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	↓	6.79	-0.026	6.82	6.78
GC21 (BMK: R208)	↑	6.46	0.030	6.43	6.48
GC22 (BMK: R2023)	↑	7.57	0.105	7.46	7.59
GC23 (BMK: R2023)	↑	8.43	0.105	8.33	8.45
GC24 (BMK: R186)	↑	10.39	0.185	10.21	10.41
GC25 (BMK: R186)	↑	10.57	0.185	10.39	10.59
GC27 (BMK: R186)	↑	11.14	0.185	10.96	11.16
GC30 (BMK: R2030)	↑	11.69	0.155	11.54	11.71
GC32 (BMK: R213)	↑	12.48	0.155	12.33	12.50
GC35 (BMK: R209)	↑	12.73	0.110	12.62	12.75
GC37 (BMK: R2037)	↑	12.90	0.110	12.79	12.92
GC40 (BMK: R214)	↑	13.05	0.115	12.94	13.07
GC43 (BMK: R2044)	↑	13.48	0.110	13.37	13.49
GC45 (BMK: R2044)	↑	13.62	0.110	13.51	13.63
GC50 (BMK: R2048)	↑	13.91	0.110	13.80	13.93
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	⇒	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	⇒	6.99	0.000	6.99	6.99
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,612	1.37%	1,591	1,610
Platinum	↑	727	1.33%	718	722
Brent Crude	↑	29.9	21.02%	24.7	28.4
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	892	0.61%	886	892
JSE All Share	↑	45,061	3.04%	43,732	45,061
SP500	↑	2,527	2.28%	2,471	2,527
FTSE 100	↑	5,480	0.47%	5,455	5,480
Hangseng	↑	23,280	0.84%	23,086	23,056
DAX	↑	9,571	0.27%	9,545	9,571
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	9,404	1.02%	9,309	9,404
Resources	↑	37,372	5.19%	35,529	37,372
Industrials	↑	65,318	2.39%	63,794	65,318
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	18.45	1.31%	18.21	18.55
N\$/Pound	↑	22.87	1.44%	22.54	22.98
N\$/Euro	↑	20.03	0.33%	19.97	20.12
US dollar/ Euro	↓	1.086	-0.97%	1.096	1.085
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↑	2.5	2.1	4.6	4.5
Prime Rate	↓	9.00	10.00	8.75	9.75
Central Bank Rate	↓	5.25	6.25	5.25	6.25

**Notes to the table:**

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing
- NSX is a Bloomberg calculated Index

**Important Note:**

This is not a solicitation to trade and CAM will not necessarily trade at the yields and/or prices quoted above. The information is sourced from the data vendor as indicated. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.

Source: Bloomberg



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